

VZCZCXRO7304
PP RUEHAG RUEHROV
DE RUEHLE #0204/01 1451948
ZNY CCCCC ZZH
P 251948Z MAY 07
FM AMEMBASSY LUXEMBOURG
TO RUEHC/SECSTATE WASHDC PRIORITY 5902
INFO RUCNMEM/EU MEMBER STATES
RUEHMO/AMEMBASSY MOSCOW 0400
RUEHBS/USEU BRUSSELS
RUEHNO/USMISSION USNATO 0629

C O N F I D E N T I A L SECTION 01 OF 02 LUXEMBOURG 000204

SIPDIS

SENSITIVE
SIPDIS

E.O. 12958: DECL: 05/25/2017
TAGS: [PGOV](#) [PREL](#) [EINV](#) [LU](#) [EU](#) [NATO](#) [RU](#)
SUBJECT: PUTIN VISITS JUNCKER LOOKING FOR FRIENDS IN OLD
EUROPE

REF: LUXEMBOURG 89

Classified By: CDA E. Thomas Boughter For Reasons 1.4 (b) & (d)

11. (SBU) SUMMARY. Russian President Vladimir Putin concluded a one-day, first-ever state visit by a Russian or Soviet leader to Luxembourg on 24 May. The visit encompassed several dimensions but focused heavily on EU-Russia relations with the majority of the 9-hour visit being taken up by meetings with Luxembourg Prime Minister Jean-Claude Juncker. During the visit several Luxembourg-Russian business agreements were also signed including a 400 million EUR deal to construct a power plant in Germany. END SUMMARY

12. (C) Amid an unprecedented level of security, Russian President Vladimir Putin conducted a 1-day state visit to Luxembourg. Putin was received by Luxembourg's Head of State, Grand Duke Henri, and attended several public events, including a wreath-laying ceremony at a WWII memorial. However, over half of Putin's schedule was set aside for meetings with Luxembourg Prime Minister Jean-Claude Juncker, including a working dinner. These meetings ran nearly 2 hours longer than originally scheduled and focused heavily on EU-Russia relations. During their joint press conference after these meetings, both leaders made brief remarks and addressed questions concerning EU-Russia relations, the U.S. missile defense system, human rights in Russia, the Russian financial system, the Iranian nuclear program, and Russia-Luxembourg economic relations.

13. (C) In their comments, Putin and Juncker touched on the U.S. missile defense (MD) system. Putin reiterated long-standing Russian complaints about the MD system)- there is no compelling threat to either Europe or the U.S., that Russia has not been sufficiently consulted, as well as as CFE Treaty issues. He also suggested that the Organization for Security and Cooperation in Europe was a good forum to discuss the MD system saying &This is precisely what this organization was created for. We hope for constructive dialogue with our partners.8 In response to a question regarding human rights in Russia, Putin bluntly stated that Western countries only bring up human rights in order to make Russia &more pliable on issues that have nothing to do with democracy or human rights, namely disarmament, anti-missile defense, and Kosovo.8 For his part, Juncker emphasized Luxembourg and the EU's desire for friendly relations with Russia, the need to not make rash decisions regarding MD, and the hope that the issue not separate Russia from the EU.

14. (C) On the issue of Russia)EU relations, Putin complained that recent EU disputes with Russia were due in part to a growing number of new EU member states which seek &to shift their bilateral problems with Russia onto the pan-European

floor.8 However, Putin said that Russia did not want to "dramatize8 its disputes with the EU, but rather &resolve them together." He added that he hoped Luxembourg would take a leading role in solving the problems between the EU and Russia. Juncker echoed this theme saying &no one in Europe sees Russia as a threat8 and that it was important for Europe to extend its best efforts to look towards the future rather than backwards at the past.

¶5. (C) Putin was accompanied by a delegation of 250 individuals including business and cultural leaders. In separate events not attended by Putin or Juncker, representatives of Gazprom concluded a 400 million EUR deal with the Luxembourg joint venture company Soteg SA to build a gas-fired electric plant in Germany. A cooperation agreement was also signed between the Association of Banks and Bankers, Luxembourg (ABBL) and the Association of Russian Banks (ARB) on the exchange of information. Press reports also pointed out that Luxembourg is one of the largest investors in Russia with approximately \$23 billion, though most of this is in the form of Luxembourg-based holding companies.

¶6. (C) COMMENT. Though the timing was fortuitous for Putin in light of how frustrating last week,s EU-Russia Summit must have been for him, his visit had been scheduled for months (Reftel). That said, we are not at all surprised that Putin extended his visit with Juncker in light of how things went at the Summit. It is no great secret that Juncker is fond of Putin. He has told us so in the past and the Press quickly pointed out that both leaders referred publicly to each other by their first names throughout the visit. It is becoming increasingly clear to us that Juncker seems determined to play a role in mediating between the EU and Russia. END COMMENT

LUXEMBOURG 00000204 002 OF 002

BOUGHTER